



Sitara[®]
A SEWA INITIATIVE

SEWA GRIH RIN LIMITED (SITARA)

**INTEGRATED POLICY FRAMEWORK FOR
CO-LENDING ARRANGEMENTS**

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I. Background

The Reserve Bank of India (“RBI”) has issued the “Reserve Bank of India (Non-Banking Financial Companies – Transfer and Distribution of Credit Risk) Directions, 2025” bearing reference number RBI/DOR/2025-26/352 dated November 28, 2025 (“RBI Co-Lending Directions, 2025”), consolidating and superseding the earlier co-lending framework issued in August 2025.

These Directions provide a **principle-based, harmonised regulatory framework** governing co-lending arrangements (“CLA”) between **Regulated Entities (“REs”)**, including banks, NBFCs and Housing Finance Companies, with the objective of improving credit flow while ensuring robust risk sharing, transparency, customer protection, and regulatory discipline.

The co-lending model envisages joint origination and joint funding of loans at an individual loan level, with clearly defined roles, responsibilities, risk-reward sharing mechanisms, and customer interface obligations between the co-lenders.

This model leverages the lower cost of funds of banks and large financial institutions and the deep last-mile reach, underwriting capabilities, and customer proximity of NBFCs/HFCs, thereby enabling credit delivery at affordable pricing to eligible borrowers.

In compliance with the RBI Co-Lending Directions, 2025, and applicable instructions issued by the **National Housing Bank (“NHB”)**, the **Board of Directors of SEWA Grah Rin Limited (“Company” or “SEWA”)** has approved this **Co-Lending Policy (“Policy”)**.

This Policy shall be hosted on the Company’s website and shall form the overarching framework governing all co-lending arrangements entered by the Company.

II. Applicability and Effective Date

This Policy shall be effective from the date of approval by the Board of Directors (“**Effective Date**”) and shall align with the Reserve Bank of India (Non-Banking Financial Companies – Transfer and Distribution of Credit Risk Directions, 2025” bearing reference number RBI/DOR/2025-26/352 dated November 28, 2025, as amended from time to time.

This policy is limited to governing the transactions entered by the company for co lending purposes.

This Policy shall be applicable to all new co-lending arrangements entered into by SEWA Grah Rin Limited with other Regulated Entities after the Effective Date

III. Objective of the Policy

The objectives of this Policy are to:

- Establish a clear governance and operational framework for co-lending arrangements;
- Ensure full compliance with RBI Co-Lending Directions, 2025 and NHB supervisory expectations;
- Define roles, responsibilities, risk sharing, customer interface, and disclosures;
- Protect borrower interests through transparency, fair pricing, and grievance redressal; and
- Enable prudent balance sheet growth while maintaining asset quality and capital discipline.

IV. General Framework

SEWA Grah Rin Limited may enter into Co-Lending Arrangements (CLA) with Banks, NBFCs and HFCs (“Lending Partners”) for joint origination and funding of:

- Housing Loans;
- Loan Against Property (LAP); and
- Such other eligible products as permitted under RBI regulations.

The Company shall execute a **Master Co-Lending Agreement (“MCLA”)** with each Lending Partner, clearly specifying:

- Product scope;
- Areas of operation;
- Eligible borrower segments and criteria for selection of borrowers;
- Credit underwriting standards and deviation framework;
- Risk and reward sharing mechanism;
- Fees payable for lending services, if any;
- Segregation of responsibilities;
- Timeframe for exchanging critical information;
- Customer interface, KYC, customer protection issues, and grievance redressal responsibilities;
- Fund flow mechanics and escrow arrangements;
- Asset classification, provisioning, and reporting;
- Business continuity and termination arrangements.

V. Selection Criteria for Lending Partners

The Company shall undertake comprehensive financial, operational, regulatory, and reputational due diligence of potential Lending Partners in cases where the Lending Partner is responsible for loan origination and sourcing under the Co-Lending Arrangement, including but not limited to:

- Analysis of audited financial statements and capital adequacy;
- Portfolio performance, delinquency trends, and credit loss history;
- Track record, market standing, promoters' reputation, and governance standards;
- Vintage and experience in the relevant lending segment;
- Regulatory registration with RBI/NHB and supervisory compliance status.

In scenarios where SEWA Grah Rin Limited acts as the loan originator and sourcing entity under the Co-Lending Arrangement, the extent and scope of due diligence on the Lending Partner shall be commensurate with its role as a funding co-lender, and shall primarily focus on regulatory status, supervisory standing and ability to meet its funding and contractual obligations, in accordance with the RBI Co-Lending Directions, 2025.

VI. Operational Guidelines for Co-lending

A. Credit Sanction and Origination

- Loans shall be sourced, processed, and sanctioned as per the mutually agreed credit policy documented in the MCLA.
- Where SEWA acts as the loan originator and sourcing entity under the Co-Lending Arrangement, the Lending Partner shall irrevocably commit to take into its books, on back to back basis, its share of the individual loans as originated by SEWA.

B. Minimum Retention Requirement (MRR)

In compliance with Paragraph 102 of the RBI Co-Lending Directions, 2025, SEWA Grah Rin Limited shall retain a minimum of 10% (or such higher percentage as mutually agreed) of each individual loan on its books under a CLA.

C. Interest Rate, Pricing and Charges

Each co-lender shall have the independent right to determine the interest rate applicable to its respective share of the loan exposure, taking into account, inter alia, its internal credit risk assessment, cost of funds, risk appetite, operational responsibilities and pricing framework, and subject at all times to the applicable regulatory directions issued by the Reserve Bank of India.

Notwithstanding such independent pricing by each co-lender, the borrower shall be charged a single, unified interest rate under the Co-Lending Arrangement, determined as under:

a. **Fixed Rate Loans**

In the case of fixed rate loans, the borrower shall be charged a blended interest rate, computed as the average of the interest rates applicable to the respective loan shares of each co-lender, weighted by the proportionate funding participation in the individual loan.

b. **Floating Rate Loans**

In the case of floating rate loans, the borrower shall be charged an interest rate computed as the average of the benchmark-linked interest rates applicable to the respective loan shares of the co-lenders together with the applicable spreads as determined by each co-lender, weighted by the proportionate funding participation in the individual loan.

The charging of a single blended or weighted average interest rate to the borrower shall not constrain, override, or dilute the ability of each co-lender to appropriately price its respective share of the loan exposure, having regard to the nature and extent of its roles and responsibilities under the Co-Lending Arrangement, including origination, underwriting, servicing, monitoring, collections, and customer interface obligations, as contractually agreed under the Master Co-Lending Agreement.

Accordingly, the repayment and recovery of principal and interest amounts from the borrower shall be apportioned and settled between the co-lenders strictly in proportion to their respective loan shares and the interest rates applicable to such shares, as agreed contractually, without impacting the unified interest rate charged to the borrower.

The interest rate applicable to the portion of credit funded by a bank shall be subject to the applicable RBI directions on interest rates on advances, including requirements relating to benchmark linkage, reset periodicity and disclosures, as may be applicable.

The blended or weighted average interest rate offered to the borrower shall be determined in a transparent, non-discriminatory, and regulatory-compliant manner, ensuring fair pricing to the borrower, while also appropriately reflecting differences, where applicable, in cost structures, funding profiles, and operational responsibilities of the respective co-lenders.

All fees, charges, and costs payable by the borrower in addition to the blended interest rate in connection with the loan shall be:

- Incorporated into the **Annual Percentage Rate (APR)**; and
- Disclosed upfront in the **Key Facts Statement (KFS)**,

in accordance with Paragraph 110 of the RBI Co-Lending Directions, 2025.

The Company and the Lending Partner shall maintain robust transparency, documentation, and audit trails in respect of pricing, interest computation, sharing mechanisms, and settlement processes, and shall provide all relevant information, including loan-level interest rates, charges, and risk-sharing arrangements, to the Reserve Bank of India, National Housing Bank, or any other competent authority, as and when called for.

D. Customer Interface and Service

- The originating lender shall be the single point of contact for the borrower;
- A single unified loan statement shall be provided to the borrower;
- All co-lending details, including identity of co-lenders and pricing, shall be disclosed upfront; and
- Borrower's consent shall be explicitly obtained.

Grievance Redressal: Complaints shall be resolved within [1(one) month], failing which the borrower may approach the NHB Complaint Redressal Cell, in accordance with SEWA's Fair Practice Code available on the Company's website at <https://www.sgrlimited.in/>

E. Escrow and Fund Flow Mechanism

- All disbursements and repayments shall be routed through a designated escrow account.
- Each co-lender's share shall be reflected in its books within 15 calendar days from the date of disbursement, in compliance with Paragraph 113 of the RBI Co-Lending Directions, 2025.

F. Asset Classification and Provisioning

Asset classification shall be borrower-level under a CLA. If either co-lender classifies an exposure as SMA or NPA, the same classification shall apply to the other co-lender's exposure, in line with Paragraph 124 of the RBI Co-Lending Directions, 2025. Near real-time sharing (and

in any case latest by end of the next working day) of delinquency and default information shall be ensured between co-lenders.

G. Transfer of Loan Exposures

Any subsequent transfer of loan exposures originated under a CLA, including inter-se transfers or transfer to third parties, shall strictly comply with Part A of the RBI Co-Lending Directions, 2025 (Paragraph 125).

H. Documentation, Security, and Charge

- Loan documentation shall be standardised and mutually agreed;
- Documentation process, execution, preservation of executed documents, making the same available to the internal auditors etc. shall be as mutually agreed;
- Security creation, perfection, and charge registration shall be completed as per agreed timelines;
- Responsibility for document fraud or title defects shall be contractually defined.

I. KYC

Both co-lenders involved under the CLA shall comply with the prescribed norms under the Reserve Bank of India of India (Non-Banking Financial Companies – Know Your Customer) Directions, 2025 as amended from time to time. A co-lender may rely upon the other co-lender (who is responsible for loan origination and sourcing) for “Customer Identification Process” as per the provisions of the said Directions on KYC.

J. Business Continuity and Termination

Both co-lenders shall implement a documented Business Continuity Plan (BCP) to ensure uninterrupted servicing of borrowers till repayment of their loans, in the event of termination of the CLA, as mandated under Paragraph 119 of the RBI Co-Lending Directions, 2025.

VII. Disclosure and Reporting

In compliance with Paragraphs 126-127 of the RBI Directions, the Company shall:

- Disclose on its website a list of all active co-lending partners;

- Disclose in the Notes to Accounts, necessary details of CLAs on aggregate basis, including *inter alia* the following:
 - ✓ Quantum of co-lending exposures;
 - ✓ Weighted average interest rate;
 - ✓ Fees charged or paid;
 - ✓ Sectoral classification;
 - ✓ Performance of co-lending portfolio; and
 - ✓ Default Loss Guarantee, if any.

VIII. Inspection and Audit

Loans under CLA shall be subject to:

- Internal audit;
- Statutory audit; and
- Regulatory inspection by RBI/NHB.

IX. Role of Borrowing and Investment Committee

The Borrowing and Investment Committee shall:

- Identify and onboard Lending Partners;
- Approve commercial terms; and
- Monitor performance and risk metrics.

X. Policy Review and Amendments

This Policy shall be reviewed annually or earlier if required due to regulatory changes. Any amendments shall require Board approval.

XI. Overriding Effect

In case of any inconsistency between this Policy and applicable laws, RBI/NHB regulations or statutory provisions, the latter shall prevail.